

On some recent advances in the competition of states

The technological and economic advances that capitalists have been achieving^[*] — largely not on their own but rather through their states' action — are in many ways of the utmost importance to these states, especially and above all others the mighty ones. These advances urgently require their supervision, control, and direction because they are essential for their own competition with each other, whether on the economic, world-market strategic, or military level — in short, essential for their “future.”

1. The productive force of ‘digitization’ for national growth: An economic-policy agenda for all states

a) From small firms to big corporations, companies around the world are spending a fair amount to ‘digitize’ their business in order to increase the productivity of their invested capital, and they *have to* spend a fair amount on what the IT giants are offering insofar as such services are becoming the general standard for their competition. So every state, as patron and beneficiary of its nation’s capital accumulation, sees it as its duty to manage the ‘digitization’ of global capitalism on its own business location and meet the demands of its business-minded citizens who need what the net has to offer. In the interest of using internet-based services to promote the growth of the nation’s monetary wealth, and also to put their own bureaucracy on an economic basis, all states consider it their responsibility to create or expand the required preconditions, if providing them does not promise to be profitable business itself, i.e., they would not be provided at all under market-economy dictates. When states see the need and have the means, they take care of organizing, implementing, and (partially) financing nationwide development of the infrastructure for stationary and mobile networks so as to meet current and future requirements of world-market competition, and arrange for general access to them, often through their own telecommunications companies. In capitalistically advanced nations, governments are in a position to auction off cellular frequencies (recently 5G) to powerful corporations that expect to do lucrative business with them in the foreseeable future. Such auctions are often preceded by huge upfront outlays on the part of the state, but at least generate billions in revenue for the state budget. Here, too, states do not simply leave it to the telecommunications companies’ free business discretion to build the networks, but link the auctioned licenses to conditions that are intended to ensure that the new network technologies are present practically everywhere. After all, from the outset the administrators of the nation as a

business location subsume these technical achievements, too, under their interest in giving their nation a competitive advantage with every region they open up. It is to this end that all states additionally, and again depending on their economic capacities, pursue and boost the development, sometimes also the provision, of the technical resources required to use the internet. In so doing, they promote and consolidate the total subsumption of the nation's capital circuit under the services of the IT industry as an indispensable condition for success. This includes their citizens' private sphere. In the form of a collection of data, it is put at the disposal of diverse IT firms' capital for commercial use, on the one hand, and is subject to the state's legal authority, on the other. That is why there is a new area of justice called 'digital self-determination' that is mainly supposed to reconcile the great good of privately owning digital information with the commercial interest in it. Furthermore, all states see it as their duty to train their citizens how to deal with the internet and its business-serving opportunities. There are government-run educational centers that impart the know-how needed to perform the work (that is left) in a digitized capitalism, from the lower rungs of the wage hierarchy to the commanding heights of management. In addition, states instruct their internet-entrenched citizens on how to deal responsibly with private data on the net since they make information about themselves and others public with wild abandon and no concern for the internet's economic principles. When these training efforts fail to produce enough suitably qualified 'skill' at home to meet the needs of businesses, which can get hold of it globally thanks to the achievements of 'digitization' increasingly often, but not always, governments know how to include this consideration when deciding who may immigrate to their territory. All these measures bear witness to the fact that the national business-location administrators around the networked globe have learned that they must create the necessary conditions for the next upheaval of their nation's capital circuit with a view to their competitors, in order to make sure their grasp on their nation continues to provide the economic basis for their power in the future.

b) True to the peculiar rationality of the market-economy system, 'digitization' of capital turnover, like any progress, has quite ruinous effects on the mass of the population who live from selling their labor. In fact, the extent of these effects is unprecedented, according to those who are pushing this progress through in the interests of their business, i.e., who must know. This also presents every state with a 'challenge' that needs to be 'met.' Those ruling and opposition politicians who worry about this are simply assuming there will be massive job cuts when they speak for working people and bring up the question of whether there will be enough work for everyone in the age of 'digitization.' Full of concern, they are taking it for granted that work in a market economy means wage labor in the service of business-savvy owners, who use the achievements of digitization, among other things, to cut wages and thereby do away with their employees' livelihoods. Their internet-based offensives to increase their capital productivity are spoken of as unstoppable 'progress' or as a 'practical necessity,' depending on the standpoint, but either way as something unavoidable that

no one has launched and serves no interest, and that has effects, sometimes called ‘downsides,’ that present sympathetic state leaders with economic and social policy tasks to deal with the ‘fate’ of their working citizens. When they see to their working population’s ‘problems’ resulting from the ‘digitization’ that they are putting into effect with the sovereign might of the state, and terming an oncoming necessity that everyone has to accept, they expect to be appreciated for serving their people.

Alongside such comments and with a view to their political agenda, all states see mixed results that give them a lot to do.^[1] When it comes to the few jobs still needed in a digitized market economy, they want as many as possible and more and more, and they want them at home. Politicians are still starting from the premise that their nation’s wealth is created by the capitalistically profitable use of work, which there can therefore never be enough of, when, by managing their national business locations, they fight each other to have profitable jobs on their own territory. When tackling this agenda they are in agreement with employers and employees that these jobs are crucial, on the one hand, and come into unavoidable conflict with both sides, on the other. Politicians once again make it clear to their wage-dependent population that ‘rationalization’ and also thorough upheavals in the work requirements, along with lay-offs, are simply unavoidable — in the interests of the capitalistic common good, and thus ultimately of their livelihood as well, which ‘obviously’ cannot be had any other way. Time and time again, politicians negotiate with the representatives of the economically dominant class about what the state will provide by way of advance payments, subsidies, tax concessions or legal favors so that businessmen and investors leave their capital and associated profitable jobs at the national location or bring them in from abroad — because that promotes the growth of the nation’s financial wealth, strengthens the state’s tax base, and economically affirms the state’s debt capacity. Furthermore, the state is also standing by, in its capacity as legal authority, to regulate new, often precarious employment relations that its globalized working class is supposed to live from. It integrates new forms of time- and place-flexible work into existing law or permits them under new legal conditions — since legal certainty is the main thing those lucky ones need who get to perform their labor service for a digitally revolutionized capital turnover now and in the future. In addition, all states, if they see this as a national problem at all and have enough resources, attend to the foreseeable consequences of ‘digitization’ for current and future employees, in order firstly to minimize the number of social victims who might pressure the public purse or disturb the ‘social peace,’ and secondly to give them some support. Measures for (preemptively) helping affected working citizens are either adapted to the requirements of the ‘digital revolution’ or brought into being. From schools and training institutes where the up-and-coming generation of the wage-earning population are playfully familiarized with the world of digital media, to specially equipped universities for the advanced study of some kind of information technology, states provide facilities for teaching how to deal with every possible aspect of ‘digitization’ at various levels in order to meet the demands

of today's and tomorrow's jobs. This 'matching' has its pitfalls of course, since employers take it for granted that they will have enough usable workers, and radically change their work demands with every advance in digitization according to their business calculations. So states also provide for continuing education and training to give wage-dependent citizens affected by such measures further 'qualifications.' Workers are urged and given help to keep adapting to the constantly changing demands of internationally positioned and networked companies, right up to the end of their working lives. Giving them all this practice in pursuing the powerless activism of trying to adapt in advance, states offer their employee population the opportunities they can expect to have in a digitized and fast-changing world of work, and the employer minority a labor reservoir they can use for their 'revolutions.' When wage-dependent 'victims' of 'digitization' are unavoidable and recognized as a problem by the political leadership, they can expect to be treated to a social policy that enables them to endure this miserable side of their wage-dependent career, and thereby dictates it as an acceptable life prospect. Although the need for social compensation is not due to 'digitization,' i.e., applies to the entire wage-dependent population and not only to the human rejects that employers produce while 'modernizing' the circuits of their capital, politicians invoke it as an urgent challenge in view of the expected upheaval of the labor market. They adapt existing measures for dealing with unemployment and poverty to the new working and living conditions or decree new ones, subsidizing wages that would otherwise not be paid in the first place, selecting alternative forms of employment, distributing alms. An example of taking realistic political responsibility for the wage-dependent population's hardships is the fine idea that able-bodied people unable to find regular work to sufficiently sustain them should provide state-supported care services for those who are no longer able to work — exalting the care profession to a perpetual motion machine of self-employment for those who have been discarded as useless by capital, not only in the course of its 'digitization' but especially then. Like the now no longer so far-fetched political demand for a universal basic income, a number of proposals are also springing up on how to reform capitalism 'for the good of all people'— while the issue at hand is simply how the state can contain both the useful and completely useless poverty of the working class[2] that capitalism produces.[3]

2. The struggle of the world's economic powers for shares in global capitalism

In view of what internet-based services are doing for the growth of their own nation's financial wealth, basically every state would like to see the creators and operators of these services not just be productive at their location but conduct their global business from their location. In fact, this aim is something that the few global economic powers that are home to, guard, and promote such companies have been fighting over from the outset, now more and more ruthlessly. The USA has a decisive lead, after creating the

internet, releasing it for general commercial use, and wasting no time in building up the companies that make use of it for their business, thereby getting bigger and bigger and gaining a capital size and technical lead that allow them to dominate the global market in this sphere (even today to a large extent).

There is a first reason, relating to economic policy, why competing global economic powers are interested in the major companies operating from their *own* domestic market as superior global players in the cut-throat struggle they are waging with capital size. This reason has to do with the particular nature of the business that such IT and industrial companies are conducting or aiming for. As basic businesses that provide companies with their services worldwide and are therefore up to earn money from virtually all business, they are not only chalked up as an outstanding source of national wealth. The far-reaching economic dependencies, extending down to the smallest detail, that global players establish with their costly services open up avenues of economic strategy for the global economic powers nationally controlling these industry giants to lay hold of virtually all global market transactions. Whole new industries for digital services can also be opened up, along with ways of controlling access to both old and new global-networking-based markets. What these powers are envisaging is to have a regime over the creation and distribution of the world's wealth in their own national hands.

So, with a view to their competitors and rivals, they mobilize the means at their disposal, protecting, promoting and building up their own global players with legal instruments, in particular tax, patent, and competition law, and with financial handouts burdening the state budget — doing all this again, still, or just starting off depending on the level reached. What is extremely relevant is ‘intellectual property,’ which they are committed to protecting at each other's expense. They use their legal sovereignty to ensure within their own territory that scientific findings and concocted ideas can actually become the object of private disposal capable of being put to exclusive commercial use. But this is not enough for promoting their global players; they use their power to protect their national champions' ‘intellectual property’ internationally in order to open up the entire globe to them as a freely accessible business sphere, thereby commencing a battle for ‘intellectual property’ as an international right. The major global economic powers demand of each other and the rest of the world that they recognize their own national law-making as a binding commitment that competing states must devote their sovereign power to the service of. Conversely, they take the liberty of deciding if they want to guarantee the right to free cross-border business on their territory under conditions that put foreign companies at a disadvantage to their own.

Separate from this battlefield, global economic powers revive another one, which they put on their agenda for reasons quite different from economic strategy. With their global players depending on (new) satellites for dominating the world markets for internet-based services and IT technology, the few global economic powers that can

afford the necessary expenditure make it a priority to conquer near space from this point of view as well. They basically spare no expense in competing to stay ahead of their competitors and rivals. Due to the immense initial investment and maintenance costs for researching, developing, and making available the necessary technology, they establish satellite-based global communication in state hands — until they might be able to hand it over to big companies that tackle this competition on their own account if they have only received orders at the state's expense for long enough and thereby gained the necessary capital size and technical capability.[†]

All of these battles are being waged mainly by the US against China, but also against the EU and its leading powers, to maintain the positions of power it has achieved. Conversely, China is fighting the US to make progress of its own. And finally the EU — whose members in turn are divided into a small number of activists, cooperative conformers, and critical appendages — is reluctantly cooperating with the US to fight China, and fighting the US while avoiding any direct confrontation with it. From different starting points, they are fighting with increasingly polemical intention vis-à-vis their world-power competitors' economic benefit to appropriate the largest possible share of the world market as a secure source of their national wealth.

3. The struggle for supremacy when it comes to 'national security'

All states focus on the economic 'digitization' masters and their internet-based services in a very different respect as well. Global networking, which extends into every conceivable area of modern society, has a material side involving a special kind of hardware- and software-supported infrastructure whose proper functioning is essential to capitalist nations to a varying, but increasing, degree. It makes it possible to link up somewhere else in order to utilize networks in the intended way. However, its technical peculiarity also involves the potential for networks to be spied on, controlled, disrupted, or even destroyed, and therefore poses fundamental challenges to all states in their capacity as sovereign powers over what is happening within their territory. Aiming for smooth reproduction of their society and safe exercise of their rule, they therefore subordinate the achievements of 'digitization' to the requirement of 'national security,' calling for and developing resilience, and putting cybersecurity and the state's need for more 'digital autonomy' on the political agenda.[4]

From the outset, the only states that can deal with the contradictory challenge of harmonizing 'digital revolutions' with the requirements of 'national security' are the ones that have the companies that do business by providing the various elements of stationary and mobile networks. The global economic powers' security needs are a special reason for having such companies conquer the global market from their base within their own territory. These powers leave no doubt that their interest in 'national security' is not merely a defensive matter, but involves the claim to lay hold of the

economic foundations of foreign nations, the delicate infrastructure of modern capitalist societies, but also the agencies of their state rule. The main fight here is between the USA, out to maintain the global supremacy it has achieved to date, and China, the only nation to have built up comparably big companies, while Europe's leading powers are fighting not to be completely 'left behind.'^[5]

4. US-dollar imperialism in the spirit of “America first!”

In order to achieve this dual purpose — to secure control over the world market, i.e., the basic businesses that regulate access to it, and over the technical capabilities for spying on and damaging the internal life of all capitalist nations — the USA already has another means of economic power at its disposal. Independently of developed IT potentials, it has long since realized the strategic ideal of sweeping control over the world's capitalist activities that advances in 'digitization' are supposed to bring according to those responsible, or that the majority of politicians fear. The instrument the USA didn't need to invent the internet for is called the US dollar. It consists in the financial power of American capitalism and of its state, which answers for and controls the credit that guarantees the 'depth' and indestructibility of the US financial market generating this credit. This US-dollar credit is the means of business not only for the American nation, but for the whole world. All nations, even the major global economic powers, are existentially dependent, through the intermediary of their globally positioned companies, on the dollar-based world market and specifically the American financial market. Ensconced in global capitalism as they are, they can only survive as appendages of the dollar's and dollar credit's universality. This makes them indirectly subject to the USA's legal sovereignty, which extends to all other nations' locations for capital, the creation and circulation of money and credit within their countries, i.e., their indispensable means of existence. Thus, the USA's incomparable financial power has made its jurisdiction an essential means of leverage for US imperialism, and the world's greatest economic power has long known how to use it universally to enforce its strategic interests by blackmail, even to the point of threatening the existence of entire countries.^[6]

US leaders have always based this on one and the same thing. Their use of dollar imperialism as an effective weapon in the competition of states rests upon the world order of global capitalism that the USA installed as a regime of globally valid rights with its superior force after winning World War II, and that it also pushed through as the binding premise for all sovereign calculations against the last remaining military-strategic rivals one 'cold' war later. As the only superpower left, the USA, intent on opening up the whole world for its capitalists' and its national credit's operations, makes all other nations an offer that they can only refuse at the price of endangering their existence. They are allowed and expected to fit themselves into the American

world-market order with their recognized national interests on their own account, earn dollars, run their own capital locations with dollar credit, and compete according to the rules of this order. While making this offer and giving the guarantees it requires, the USA at the same time insists that all sovereign competitors submit to its monopoly claim to define and monitor the rules of this competition and prosecute and punish any deviations. Therefore, the USA's imperialist domination of the world in the form of supranational rights is a contradictory matter from the outset. It is based on a universally valid order that is respected and supported by all competing sovereign powers intent on their national advantage, and involves even for the indispensable deciding actor of this regime that it formally submit to a set of rules whose reason and purpose lies in the world power's claim to use the world for itself.

US leaders have always been quite unconcerned about this objective contradiction. If anything, they have been bothered in various ways by the one side, their commitment to the formal generality of their world-market regime. But in the interest of the other side, one-sidedly making this regime functional for their own nation's concerns, they have always found a way — without throwing out the political standpoint that America's success is basically to be secured precisely through its guarantees for a universal, supranational legal order of free, cross-border capitalism. This also applies to their extortionate use of the USA's outstanding financial might as a civilian weapon against enemies and insubordinate rivals. When pushing through their formidable equation that America's legal position is the same as the world's, US governments have always done this in the name of a general world-market order respected by the US as well. The definite validity of this international order as the lasting premise of all sovereign state calculations has been emphatically enforced — against deviants identified as lawbreakers — by means of sanctions regimes, i.e., as a Washington-decreed exception to the rule of commonly accessible global business. This has implemented the objective contradiction of watering down the universality of the global order that all nations include in their calculations as a guaranteed condition for their success, and undermining the basis of this general validity, namely, all states' respect for America's world order, in order to assert specific political interests that the leading power has. Naturally enough, the world power's leaders do not care about this contradiction either, or rather they only do insofar as its effects show them the 'problem' of effectively enforcing their claim to maintain the global order, which they have been 'solving' (after accusing the previous government of failure) by finding various ways for the USA to better fulfill its leadership role as the world's policeman for the world-market order.

Trump puts an end to the combination of fostering and exploiting this supranational order. He identifies every element of formal self-commitment on the USA's part as just one big 'shackle' that a superpower that is superior in every respect definitely does not have to put up with. That explains the Trump administration's extortionate use of the USA's financial might, the basis of which the president simply takes for granted and disregards. Unlike preceding governments, the current leadership imposes sanctions

without referring to any supranational law or the international business system as the obligatory common denominator of the community of states, and without consulting with 'partners' in any binding way. It explicitly cites solely its own nation's global interests and the right it obviously has due to its economic and military superiority to assert these interests successfully against all barriers. Without intending to cancel global-market business, the USA denies the direct targets of its sanctions regime the hitherto guaranteed freedom to compete to take part in such business, and using secondary sanctions it forces all other sovereigns to agree with the USA's definition of who is an enemy and to go along with the unilaterally imposed punishment. Particularly the world-power competitors have to put up with direct, clearly polemical attacks on their sovereignty and quite serious attacks on their capabilities of autonomously guaranteeing the global freedoms of their global players. They have to subordinate their political calculations to the conditions the US defines unilaterally without making any commitments. They must recognize the USA's unconditional benefit, which it stipulates anew in each individual case, as the premise for their ambitions, i.e., that the across-the-board superior superpower has the right to be the only one to determine the modalities of all global relations, when and as it pleases.

In this way, the Trump administration is continually radicalizing the contradiction of US imperialism. It declares the USA's benefit to be the sole criterion for American policy by which it gauges and breaks all competing state calculations, and replaces its regime of supranational law by the law of the strongest as the principle of a global capitalism whose proceeds must therefore naturally go to its great and beautiful nation. This course of action thus amounts to a practical test of whether the common legal order of the global market economy, which was built up with the Western partners over decades and successfully imposed on the Russians and Chinese, will withstand being unilaterally used by the USA. Through the restrictions and bans it decrees, the government under Trump is drawing on the established world-market order, including its dependency relationships, in a way that is supposed to make clear that the USA is and intends to remain the sole deciding actor of world-market business. At the same time its actions are calling into question the useful imperialist control over the world of states that the USA has achieved in this role with its money, its dollar credit, and not least its military deterrent capability. It is thus jeopardizing the basis of its dollar imperialism, the guaranteed universality of the dollar as the stuff of an orderly competition, by using it unilaterally and polemically as a weapon.

Carrying out this contradiction is one thing, namely, the practical matter that no head of government needs to know anything about when going about his business. Trump prefers to keep to the effects that his sanctions regimes display and that (initially) prove him right, which is why he does not limit himself to sanctions. What actually becomes of them is a completely different matter, depending as it does on the will and ability of imperialist rivals and competitors either to submit unconditionally to the USA's supremacy to control the world market as it sees fit, or to oppose this militant claim with

the prospect of having their existence as respectable global economic powers threatened. This opens up the fluid transition from ruthless competition for the largest possible share of the one big world market, to the struggle over dividing up the world into exclusive sources of wealth, over acquiring exclusive spheres of political influence and securing them, for which ‘all options are on the table,’ from economic-policy instruments to military ones.[7]

Translators’ Notes

[*] As of autumn 2019.

[+] In the meantime (2024) the American SpaceX Starlink, the British Eutelsat OneWeb, and other enterprises have opened up privately-owned satellite systems.

Authors’ Notes

[1] When it comes to politically defining the ‘challenge’ facing the nation and how to ‘overcome’ it, there are national differences, of course. One variant that particularly stands out in the otherwise fairly stereotypical program for dealing with the consequences of ‘digitization’ is Trump’s official government line, which is based on the certainty that a truly sovereign state knows no economic constraints.

[2] The working class has no interest in seeing itself as a class. Internationalization of the labor market, its constant reorganization and reshuffling, precarious employment relationships, insecure living conditions in a working world globalized and digitized down to the last detail — in many countries, this has caused mainly a nationalistic echo. There is a widespread patriotic belief in the homeland where a strong leadership is looking after the righteous members of a breed of people proper to the country, primarily protecting them from enemies, lazy and corrupt denigrators of their own country, a debauched political establishment, and foreigners. Social issues are reinterpreted as the issue of who belongs to the nation and how the state can crack down. More on this in *“Populism: Six remarks on an alternative way of exercising democratic rule”* from GEGENSTANDPUNKT 4-2019.

[3] Market-economy idealists consider the modern forms of poverty that capitalism harbors to be outdated and basically superfluous in view of the impressive riches and productive forces of modern societies. They regularly like to come up with remedies for purging capitalism of its downsides without any great efforts to overthrow anything but just a little fair redistribution (see note *i* below) here and there, for example a universal basic income. It is worth noting when this is proposed by real managers, corporate executives, and other economic decision-makers, being dredged up out of the realm of dreamy philanthropism and brought into play as an answer to the ‘problems’ of the ‘world of work 4.0’ (see note *ii* below). What the proposed therapy reveals about what those who should know are sure the ‘future of work’ will bring is dealt with in the article *“Das Kapital wirbt für das ‘bedingungslose Grundeinkommen,’ die Politik hält ‘gute Arbeit’ dagegen — spitzenmäßige Antworten auf die widersprüchliche Inanspruchnahme der Lohnarbeit”* [Capitalists advocate a ‘universal basic income,’ politicians are for ‘good work’ instead — top-notch responses to the contradictory utilization of wage labor] in GEGENSTANDPUNKT 1-17, untranslated.

Note i: German *Umfairteilung*, pun on *Umverteilung* [redistribution]. Umfairteilen was an action alliance founded in 2012 by trade unions, social associations, and non-governmental organizations in Germany that campaigned for the so-called millionaires tax.

Note ii: *Arbeit 4.0* is the conceptual umbrella under which the future of work is discussed in Germany and, to some extent, within the European Union.

[4] Explained in detail in “*Cybersecurity und Cyberwar – Die Karriere des Internet*” [Cybersecurity and Cyberwar – The Career of the Internet] in GEGENSTANDPUNKT 1-17, untranslated.

[5] The US is currently waging this battle against the Chinese network equipment supplier Huawei, among others. From the standpoint of its ‘national security,’ the US government sees the company’s business as the Chinese government’s illegitimate encroaching on and jeopardizing the US, blacklists the firm, and imposes sanctions that are intended to ruin this global player economically in order to restrict China’s — real or merely possible — ambitions to gain national control over global network infrastructures. America’s treatment and sanctioning of Huawei as such a case shows above all else how universal the world power’s claim is, the way its ‘national security’ has to be respected by all other sovereigns. How the US is fighting for its monopoly on controlling the global network as an instrument of its unrivaled espionage and military offensive capability in regard to Huawei is set out in more detail in the article in this journal issue, “*Der Fall Huawei*” [The Huawei case], untranslated.

[6] More on this can be found in “*Der Dollar-Imperialismus des 21. Jahrhunderts – oder: die westliche Wertegemeinschaft in Aktion*” [Dollar imperialism in the 21st century — or: the Western community of values in action] in GEGENSTANDPUNKT 3-14, untranslated.

[7] The competition to assert the USA’s overarching claim to bring the world of states including strategically potent rivals under its control takes place, finally, in the area of military armament, of effective deterrence with superior means of force, and their military use. How things stand here is dealt with in this issue’s article, “*Die amerikanische Weltmacht treibt die Entmachtung ihres russischen Rivalen voran*” [The American world power is pushing ahead with disempowering its Russian rival], untranslated.

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